

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|   |   |            |
|---|---|------------|
| APPLICATION OF HENDERSON COUNTY             | ) |            |
| WATER DISTRICT TO ISSUE SECURITIES          | ) |            |
| IN THE APPROXIMATE PRINCIPAL AMOUNT         | ) | CASE NO.   |
| OF \$3,225,000 FOR THE PURPOSE OF           | ) | 2016-00133 |
| REAMORTIZING A CERTAIN OUTSTANDING          | ) |            |
| LOAN OF THE DISTRICT PURSUANT TO THE        | ) |            |
| PROVISIONS OF KRS 278.300 AND 807 KAR 5:001 | ) |            |

ORDER

On March 31, 2016, Henderson County Water District ("Henderson County") applied to the Commission for approval to enter into an amended assistance agreement with the Kentucky Rural Water Finance Corporation ("KRWFC") to issue securities in the approximate principal amount of \$3,225,000 for the purpose of re-amortizing a certain outstanding loan. After filing deficiencies were cured, Henderson County's application was accepted for filing by the Commission on April 12, 2016.

Having considered the record and being otherwise sufficiently advised, the Commission finds that:

1. Henderson County proposes to execute an amended assistance agreement with KRWFC to borrow \$3,225,000 subject to an adjustment of up to 10 percent. The proposed loan will have an 11-year term subject to interest rates that range from 2.25 percent to 3.60 percent.<sup>1</sup>

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<sup>1</sup> Application, Exhibit A.

2. Henderson County proposes to use the proceeds from the assistance agreement to re-amortize the outstanding KRWFC Public Projects Refunding Revenue Bonds (Flexible Term Program) Series 2006A.<sup>2</sup>

3. Henderson County estimates that its proposed refinancing will result in total gross savings and net present value savings of \$154,550 and \$130,515, respectively.<sup>3</sup>

4. Henderson County will expend \$3,373,259 to refund the outstanding bonds and to pay bond issuance costs.<sup>4</sup>

5. Henderson County's proposed loan is for a lawful object within its corporate purposes, is reasonably necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair Henderson County's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Henderson County is authorized to enter into an agreement with KRWFC to borrow no more than \$3,547,500<sup>5</sup> for the purpose of re-amortizing the outstanding indebtedness, but only under such terms and conditions that will produce both positive gross savings and net present value savings.

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<sup>2</sup> *Id.* at 2.

<sup>3</sup> *Id.*, Exhibit C. The utility identifies "gross savings" and "net present value savings" as "net future value benefit" and "net present value benefit," respectively.

<sup>4</sup> *Id.*, Exhibit B. \$49,988 (Total Underwriter's Discount) + \$50,875 (Cost of Issuance) + \$3,271,965 (Deposit to Current Refunding Fund) + \$431 (Rounding) = \$3,373,259. The Sources of the Funds are \$3,225,000 (Par Amount of Bonds) + \$113,848 (Reoffering Premium) + \$34,411 (Transfers from Prior Issue Debt Service Funds) = \$3,373,259.

<sup>5</sup> \$3,225,000 x 110% = \$3,547,500.

2. If the actual terms and conditions of the agreement with KRWFC differ from those set forth in its application, Henderson County shall, within 30 days of executing the loan agreement, file with the Commission amortization schedules and work papers showing the actual gross savings and net present value savings that will result from the refinancing.

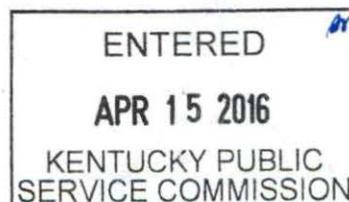
3. Within 30 days of executing the proposed agreement, Henderson County shall file a copy of the executed Assistance Agreement and any documents referenced in the executed Assistance Agreement that Henderson County has not previously filed with the Commission.

4. The proceeds from the Assistance Agreement shall be used only for the lawful purposes specified in Henderson County's application.

5. Any documents filed pursuant to ordering paragraphs 2 and 3 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

By the Commission



ATTEST:

Acting Executive Director

\*Henderson County Water District  
655 South Main Street  
P. O. Box 655  
Henderson, KY 42419-0655

\*Honorable W. Randall Jones  
Attorney at Law  
Rubin & Hays  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, KENTUCKY 40202